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MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA
September 1956

Volume 1

Number 2

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Federal Order No. 100, 114 Osborne Bldg., Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY SEPTEMBER 1956

The first pool (September 1956) under Federal Order No. 100 for the Chattanooga Tennessee Marketing Area was announced October 10, 1956. The Minimum uniform price payable to producers, on or before October 15, 1956, for milk delivered during September to plants located less than 65 miles from City Hall, Chattanooga, Tennessee and distributing milk in Hamilton, Bradley and McMinn Counties, Tennessee is \$5.00 per cwt. f.o.b. plants for milk testing 4.0% butterfat. The butterfat differential is 7.2¢ for each one tenth of one percent above or below 4 percent. (See page 3)

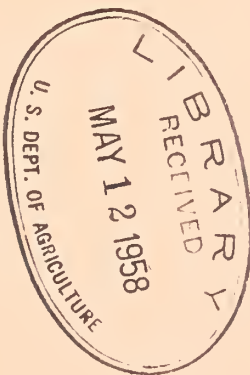
During September, 87.8 percent of total producer milk was priced in Class I @ \$5.28 per cwt. with a handler butterfat differential of 7.7¢ and 12.2 percent was priced in Class II @ \$3.57 with a butterfat differential of 6.9¢. (See page 3)

The Order Minimum Class I price for October 1956 is \$5.32, an increase of 4 cents over the September Class I price. This increase results from a higher butter market and its effect on the butter-powder alternative in the basic formula price. (See page 4)

MILK PLANT OPERATORS

The operators of the following plants filed reports for September 1956 with the Market Administrator of the Federal Milk Order for the Chattanooga Area:

<u>Pool Plants</u>	<u>Location</u>
Associated Dairies, Inc.	Chattanooga, Tennessee
Chattanooga Area Milk Prod. Assoc.	Chattanooga, Tennessee
Cleveland Creamery	Cleveland, Tennessee
College Creamery	Collegedale, Tennessee
J. K. Cunningham & Son	Rossville, Georgia
Grant-Patten Milk Co.	Chattanooga, Tennessee
Happy Valley Farms	Rossville, Georgia
C. D. Haslerig & Sons	Chickamauga, Georgia
Home Stores, Inc.	Chattanooga, Tennessee
Mayfield Creamery	Athens, Tennessee
Meadow Brook Farms, Inc.	Chattanooga, Tennessee
Ray Moss Farms	Chattanooga, Tennessee
Sanders Dairy	Chattanooga, Tennessee
Sterchi & Sons Dairy	Chattanooga, Tennessee
Varnell Dairy	Chattanooga, Tennessee
Vest Dairy Products.	Cleveland, Tennessee
	Cleveland, Tennessee



<u>Non-Pool Plants</u>	
Avalon Dairies	McMinnville, Tennessee
Dixie Dairy, Inc.	Sweetwater, Tennessee
Farm Fields Dairy	Chattanooga, Tennessee
J. M. Nance & Son	Ringgold, Georgia
Southern Dairies, Inc.	Chattanooga, Tennessee

MILK RECEIPTS AND UTILIZATION - SEPTEMBER 1956

<u>Number of Plants Reporting</u> (Pool and Non-Pool)	21
GROSS RECEIPTS(DAILY)	
Producer Milk Pounds	349163
Other Source Milk Pounds	23393
TOTAL MILK POUNDS	372556
GROSS UTILIZATION (DAILY)	
Class I Milk Pounds	
Fluid Milk	265487
Buttermilk	34919
Chocolate Milk	7353
Fluid Skim	4015
Fluid Creams	1675
Bulk Milk and Cream to Non-Handlers	11662
Class I Shrinkage	2311
Inventory Reclass.	(339)
Overstated Sales	-0-
TOTAL CLASS I MILK	327083
Class II Milk Pounds	
TOTAL USED TO PRODUCE	45473
% Producer Milk of Gross Class I	106.8
% Producer Skim of Gross Class I Skim	105.9
% Producer Bf. of Gross Class I Bf.	128.2
% Producer Milk Priced in Class I	87.8

OCTOBER 1956 CLASS I PRICE ANNOUNCEMENT

The handler Minimum Class I price under the Chattanooga Order is computed each month from a formula. For the current month a so-called basic formula price is determined from milk and dairy product price quotations for the prior month (see page 4) to which is added a Class I price differential of \$1.75 per cwt. for producing Grade A milk. The basic formula price is the highest of four alternative prices: (1) The average price paid farmers for manufacturing milk by thirteen representative Mid-West Condenseries, (2) A price computed for milk used to produce butter and cheese based upon the average price of 92 Score Wholesale Chicago butter and the average price for cheese on the Wisconsin Cheese Exchange, (3) A price computed for milk used to produce butter and powdered milk based upon the average price of 92 Score Wholesale Chicago butter and the average wholesale price of spray and roller process powdered milk in the Chicago area and (4) The average price paid by four representative Tennessee cheese and condensing milk plants.

The computation for the October Class I price is summarized as follows: (See page 4)

Basic formula price (September butter-powder formula)	\$3.57
Class I Differential	1.75
Class I Price, 4.0% butterfat f.o.b. pool plants	\$5.32

SEPTEMBER 1956 CLASS II PRICE ANNOUNCEMENT

The handler Minimum Class II price for each month is announced on the fifth day of the following month. The Class II price for the months of September through January is the higher of two alternatives: (1) the butter-powder formula price or (2) the average price paid by four representative Tennessee cheese and condensing milk plants. The Class II price for the months of February through August is the average price paid by the four Tennessee cheese and condensing plants.

For September 1956 the Class II price was the butter-powder formula price of \$3.57. The October Class II price will be announced November 5th.

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR SEPTEMBER 1956

Based on 21 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test	Price @ Test	Value
Gross Class I		9812478	3.688		
Less Other Source		616546	3.407		
Producer Milk Class I	87.8	9195932	3.707237	\$5.054572	\$464815.00
Gross Class II		1364205	9.025		
Less Other Source		85233	0.000		
Producer Milk Class II	12.2	1278972	9.626481	7.452272	95312.47
TOTAL PROD. (Cl. I / Cl. II)	100.0	10474904	4.429969		560127.47
Add Fractional Adjustment					.03
Add Unpriced Milk Allocated to Cl. I					836.81
Add Overage Value					46.94
Add Inventory Reclass. Value					189.24
Add Producer-Settlement Fund Reserve					-
TOTAL VALUE AT TEST		10474904	4.429969		561200.49
Less Test Over 4% @ 7.2¢ per point		10474904	0.429969	0.309578	32428.00
TOTAL VALUE AT 4%		10474904	4.0	5.047994	528772.49
Less Producer-Settlement Fund Reserve		10474904		0.047994	5027.33
UNIFORM PRICE f.o.b. POOL PLANT		10474904	4.0	5.00	523745.16

SEPTEMBER 1956 MINIMUM PRODUCER PRICES f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)

BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT

TEST %	PRICE	TEST %	PRICE	TEST %	PRICE
3.0	\$4.28	4.0	\$5.00	5.0	\$5.72
3.05	4.316	4.05	5.036	5.05	5.756
3.1	4.352	4.1	5.072	5.1	5.792
3.15	4.388	4.15	5.108	5.15	5.828
3.2	4.424	4.2	5.144	5.2	5.864
3.25	4.46	4.25	5.18	5.25	5.90
3.3	4.496	4.3	5.216	5.3	5.936
3.35	4.532	4.35	5.252	5.35	5.972
3.4	4.568	4.4	5.288	5.4	6.008
3.45	4.604	4.45	5.324	5.45	6.044
3.5	4.64	4.5	5.36	5.5	6.08
3.55	4.676	4.55	5.396	5.55	6.116
3.6	4.712	4.6	5.432	5.6	6.152
3.65	4.748	4.65	5.468	5.65	6.188
3.7	4.784	4.7	5.504	5.7	6.224
3.75	4.82	4.75	5.54	5.75	6.26
3.8	4.856	4.8	5.576	5.8	6.296
3.85	4.892	4.85	5.612	5.85	6.332
3.9	4.928	4.9	5.648	5.9	6.368
3.95	4.964	4.95	5.684	5.95	6.404

Market Summary, 16 pool plants and 5 non-pool plants, as follows:

	<u>TOTAL</u>		<u>CLASS I</u>		<u>CLASS II</u>	
	Pounds	%	Pounds	%	Pounds	%
Producer Milk:	10474904	93.7	9195932	93.7	1278972	93.8
Other Source Milk	701779	6.3	616546	6.3	85233	6.2
Total	11176683	100.0	9812478	100.0	1364205	100.0

SUMMARY OF CHATTANOOGA MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES				HANDLER CLASS PRICES			
	Per hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '56	\$5.00	-	-	7.2¢	\$5.28	7.7¢	\$3.57	6.9¢
Oct.	-	-	-	-	5.32	7.8	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS			ALTERNATIVE FORMULAS				Highest or Basic Formula
	Chi. 92° Butter ¢ lb.	Chi. Area Powders ¢ lb.	Wisc. Cheese ¢ lb.	Cond. Mid-West \$-cwt-4%	Butter- Cheese \$-cwt-4%	Butter- Powder \$-cwt-4%	4 Tenn. Milk mfgs \$-cwt-4%	
Sep. '55	58.048	14.720	31.450	3.41	3.15	3.50		3.50
Oct.	57.643	14.750	31.875	3.46	3.14	3.48		3.48
Nov.	57.856	14.500	31.822	3.50	3.15	3.49		3.50
Dec.	57.702	14.485	31.750	3.50	3.14	3.44		3.50
Jan. '56	57.375	14.430	31.750	3.47	3.12	3.43		3.47
Feb.	57.375	14.135	31.750	3.43	3.12	3.43		3.43
Mar.	57.375	14.205	31.700	3.39	3.12	3.43		3.43
Apr.	58.280	14.460	32.833	3.38	3.18	3.47		3.47
May	59.170	14.470	33.164	3.40	3.23	3.52		3.52
June	59.125	14.305	33.170	3.40	3.23	3.51		3.51
July	59.208	14.155	33.188	3.41	3.23	3.52		3.52
Aug.	59.462	14.310	33.175	3.44	3.24	3.53	3.08	3.53
Sept.	60.283	14.280	33.172	3.54	3.28	3.57	3.12	3.57

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS POUNDS MILK					Number of		Deliveries Per Farm -- Pounds			Prod. Milk Test
	Class I	Producer	Base	Excess	Total	Plants	Prods.	Prod.	Base	Excess	
Sept. '56	327083	349163	-	-	372556	21	803	435	-	-	4.43

BASE NOTICE

Each producer for the Chattanooga marketing area will have a new milk base to be used in making payment to such producer during the months of March through July 1957. The 1957 daily average base will be computed by dividing each producer's total milk deliveries to pool plants during September 1956 through January 1957 by the number of days from the first day of delivery to the last day of January, inclusive, but not less than 120 days. From September 1956 through February 1957, producers will be paid a uniform blend price for their total milk deliveries.

MILK TESTING PROGRAM

The Market Administrator has employed Robert Childress to develop and supervise a check-testing program for the Chattanooga Area. He will report to the Market Administrator's Office for duty on November 1, 1956. Mr. Childress graduated from the University of Tennessee in 1950 with a Dairy major. He is a native of Weakley County, Tennessee. For the past four years he has been with the University of Tennessee Agriculture Extension Service as Assistant County Agent in Hamilton County. During 1950 and 1952 he was a Dairy Farm Inspector for the Chattanooga Health Department.